



**HUMAN RESOURCES OFFICE  
TECHNICIAN / AGR ADMINISTRATIVE INSTRUCTION**

Number: 04-10

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**CHANGES TO THE TSP LOAN PROGRAM**  
No Expiration

1. The Thrift Savings Plan (TSP) is a long term investment intended for retirement. In 2003, 300,000 loans were issued by the TSP. This is an increase of almost 50% over 2002. At the present time, more than 500,000 participants have loans (over 40% of these participants have two loans). One-quarter of participants paying off a TSP loan take another loan within 60 days.
2. The TSP Loan Program is an important benefit and at times it may be necessary to access the funds in your TSP account. However, your TSP account should not be used as if it were a checking or savings account. Removing money from your TSP account, even if you pay it back, may diminish the amount available for your retirement (if you are covered by the Federal Employees Retirement System (FERS), the money you have in TSP will have a great impact on your retirement).
3. In an effort to reinforce the importance of borrowing from your TSP account only as a last resort, effective 1 July 2004, the TSP will make three changes to the TSP Loan Program:
  - a. A \$50 fee will be deducted from the amount of each new loan. Currently, the administrative expense of processing and servicing loans is charged to all TSP participants, whether or not they ever use the loan program. After 1 July 2004, the \$50 fee will cover the cost and will insure that only those participating in the loan program pay the processing and servicing fees.
  - b. You will no longer be able to have two general purpose loans at the same time. You may have **one** general purpose loan and **one** residential loan.
  - c. When you pay off one loan, you will not be eligible to apply for another loan for 60 days.
4. If you have any questions, contact Nancy Hamilton at CAGNET 63411, DSN 466-3411 or (916) 854-3411 or refer to the TSP website at [www.tsp.gov](http://www.tsp.gov).

  
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